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SUBJECT: MEDIA REACTION: U.S.-TAIWAN ARMS SALES, U.S.-TAIWAN
RELATIONS, U.S. FINANCIAL CRISIS

¶1. Summary: Taiwan's major Chinese-language dailies focused news coverage October 7 on the arrest of Yeh Sheng-mao, former Director of the Ministry of Justice's Investigation Bureau (MJIB); National Security Bureau (NSB) Director-General Henry Tsai's remarks that SARS was a bio-chemical warfare agent produced by China; and the global markets' tumble.

¶2. In terms of editorials and commentaries, with respect to the U.S.-Taiwan arms sales, a news analysis in the centrist, KMT-leaning "China Times" speculated that the weapons systems that the United States wishes to sell to Taiwan was actually a compromise reached between the United States and China, judging from the defensive character and the reduced quantities in the arms sales package. An editorial in the conservative, pro-unification, English-language "China Post" discussed several calculations that the United States Government allegedly used in notifying the Congress of the arms sales to Taiwan. The United States' calculations include diminishing the chance of military conflicts in the Taiwan Strait, walking a thin line between Taiwan and China, and keeping Taiwan as a market for the United States weaponry. An editorial in the pro-independence, English-language "Taipei Times" said that Beijing views the United States as an of both Taipei and Beijing, judging from a subtle change in Beijing's response to the United States' intended arms sales to Taiwan, as well as some warnings in Washington over Taiwan's warming relationship with China. The editorial also alleged that parts of the United States government meddled in the lead-up to Taiwan's presidential election in March. An op-ed in the "Taipei Times" said the delay of the United States Government's notification to the Congress regarding the arms sales to Taiwan was due to the United States' considerations domestically and internationally, including closer Sino-U.S. relations and the thaw in cross-Strait relations. However, the op-ed warned that such thinking is not right from a long-term perspective. Regarding U.S.-Taiwan relations, an op-ed in the "Taipei Times" listed several possible new dynamics that might be attached to U.S.-Taiwan relations, no matter whether Democratic Senator Barack Obama or Republican Senator John McCain becomes the next U.S. President. An editorial in the pro-independence, English-language "Taiwan News" talked about Democratic Senator Barack Obama and Republic Senator John McCain's attitudes toward Taiwan in the broad picture of their China policies. The editorial suggested that the Ma Ying-jeou Administration prepare to deal with a Democratic administration, given that Obama's prospects are on the upswing. Amid the issues of U.S. financial crisis recently, an editorial in the "China Post" said the United States' leadership in the world is collapsing, in the wake of the financial crisis storming the United States recently. Another editorial in the "China Post" said the United States might need to take a decade to rebuild its financial markets. The editorial lamented the Bush Administration's poor legacy and discussed prospects for Democratic Senator Barack Obama's presidency. End summary.

¶3. U.S.-Taiwan Arms Sales

A) "The Arms Sales Not Only Shrank but Were Also Delayed; Could Be A

Result of Compromise between U.S. and China"

Journalist Wu Ming-chieh wrote a news analysis in the centrist, KMT-leaning "China Times" [circulation: 400,000] (10/6):

"The United States finally announced the items of the weapons systems it wants to sell to Taiwan for the first time since [Taiwan's] Ma Ying-jeou Administration took office [in May]. The result shows that 'the sale of weapons systems' items and quantities not only shrank but were also delayed.' If [we] want to interpret [the result of the arms sales] sensibly, the whole batch of arms sales to Taiwan was a checklist of compromise and appeasement reached in between the United States and China. If that was the case, then U.S.-Taiwan relations are likely still 'sending a yellow light.' We [Taiwan] should be cautious rather than hold an optimistic view."

"What is worth noticing is that, according to the judgment of [Taiwan's] former Deputy Minister of National Defense Lin Chong-pin, who just returned to Taiwan from a trip to Washington, D.C., because of the closer Sino-U.S. relations, it was very likely that the United States might have notified China regarding the matter of arms sales to Taiwan in the course of the arms sales. The whole result appears to be a compromise formulated between the two sides [the United States and China]. Similarly, [Taiwan's] former representative to the United States Chen Chien-jen also holds the view that arms sales this time show that the 817 Communiqué [signed on August 17, 1982] between China and the United States might have produced the effect. We [Taiwan] should pay close attention to such a sign."

B) "Arms Purchase Not for Real War" RELATIONS, U.S. FINANCIAL CRISIS

The conservative, pro-unification, English-language "China Post" [circulation: 30,000] editorialized (10/7):

"... The arms deal, which the U.S. Congress must approve in 30 days, is largely symbolic because China has more than 1,000 missiles pointed at Taiwan, and the island's defensive capabilities remain limited. It will take years for all the new weapons to be delivered and none of them will be used just like those bought in the past 30 years."

"The US\$6.43 billion package is smaller than what Taipei was ready to pay for. The fact that the package includes only five major categories of weapons, instead of the requested seven, reflects a U.S. realization that chances of military conflicts in the Taiwan Strait are diminishing as a result of the new Taiwan government's policy of engaging the mainland. ..."

"The Bush administration is trying to walk a very thin line between supporting Taiwan and enraging China. Beijing was briefed several times about the impending deal. ..."

"Washington's timing is good. It's much better now for the U.S. and for China, because China can digest this sale much better now than if it were made by the new administration. It won't have much consequence on the next administration. ..."

"Washington is unlikely to freeze arms sales to Taiwan, but it is concerned about the Ma Ying-jeou government's mainland engagement policy."

"The U.S. has its own calculations. It wants to keep the Taiwan market for U.S. arms, as well as cards in dealings with Beijing."

C) "Beijing's New Tune on Arms Sales"

The pro-independence, English-language "Taipei Times" [circulation: 30,000] editorialized (10/7):

"With a US\$6.5 billion arms package from Washington to Taiwan almost a done deal now that the US State Department has given its stamp of approval, we find ourselves in familiar territory, with Beijing expressing its great displeasure and threatening severe ramifications for Sino-US relations. ..."

"A close reading of Chinese Foreign Ministry spokesman Liu Jianchao's comments on the most recent sale, however, reveals a subtle change in Beijing's expression of anger. This time, in addition to the usual rhetoric, China argued that 'nobody could stop' the 'warming' relations between Taipei and Beijing. All of a sudden, Beijing was casting the US not as an ally of Taiwan, but rather as an enemy common to both Taipei and Beijing, one that sought to hammer a wedge between the two sides of the Taiwan Strait.
...

"The other development was Washington's fault, made all the more potent for its conspicuous timing.

"Just as news of the arms sale was reaching Taipei, the Congressional Research Service (CRS) was warning that Taipei and Beijing were perhaps getting too close for the good of the US. Many in Washington had reviled former president Chen Shui-bian for his troubling pro-independence stance, which prompted parts of the US government to meddle in the lead-up to the March elections and thus create an environment that was more conducive to a Chinese Nationalist Party (KMT) win.

"Now that this has come to pass, some US officials are beginning to wonder whether it was wise to discredit the pro-independence faction. The same CRS report even argued in favor of helping strengthen the Democratic Progressive Party (DPP) to ensure solid opposition to the KMT. ..."

D) "US Arms Sales and the 'Status Quo'"

Yu Tsung-chi, a senior fellow at the Atlantic Council in the United States, opined in the pro-independence, English-language "Taipei Times" [circulation: 30,000] (10/5):

"... Because cross-strait tensions are thawing and a confrontational scenario is very unlikely, the reasoning goes, there is no urgent need for defense procurements now, if ever. This further leads to the sanguine view that a balance of power may not be necessary in the Taiwan Strait.

"This line of thinking may be persuasive in the short term, but it is not necessarily so compelling from a long-term perspective. Washington should not ignore the fact that the mechanics of maintaining the status quo are based on a permanently ambiguous RELATIONS, U.S. FINANCIAL CRISIS

dual-deterrent strategy toward Beijing and Taipei.

"Any haphazard tilting toward either side will sabotage this dynamic equilibrium, which has endured so successfully between Washington, Beijing and Taipei over the past decades. ..."

4. U.S.-Taiwan Relations

A) "Obama, McCain Camps Impact on Taiwan"

Liu Shih-chung, a visiting fellow at the Center for Northeast Asian Policy Studies at the Brookings Institute in Washington, opined in the pro-independence, English-language "Taipei Times" [circulation: 30,000] (10/7):

"... However, leaders from the Chinese Nationalist Party (KMT) and the Democratic Progressive Party (DPP) should take into consideration new dynamics that will be attached to the US-China relationship after the election, no matter who becomes the next US president.

"First, unlike the ongoing disputes between Washington and Beijing over issues such as Taiwan, human rights and trade, both sides have established a closer partnership in the past decade, engaging in multi-lateral and high-ranking dialogues. China's diplomatic lobbying on Capitol Hill has put tremendous pressure on Taipei's relations with Washington.

"Moreover, the next US president will inherit a 'fragile, reconstructing but uncertain' US-Taiwan relationship. For the KMT and President Ma Ying-jeou's administration, the warming of relations across the Taiwan Strait following the resumption of

cross-strait talks and the expansion of chartered flights and Chinese tourists visiting Taiwan has won high praise from Washington.

"However, both the Obama and McCain camps have been closely watching Ma's rollercoaster ride in terms of ebbing and flowing domestic support, his failure to gain the country economic leverage after opening to China and his lack of determination in enhancing Taiwan's military capabilities.

"How the Chinese react to Ma's bid for observer status at the World Health Assembly (WHA) in May under his new 'cross-strait diplomatic truce' strategy constitutes the major challenge to Taiwan's rapprochement with Beijing.

"What's more intriguing is that a 'cross-strait cross-fire' would likely flare up at the mid-point of the next US president's administration. Can the US play a pivotal role in convincing China's leaders to give concessions to Ma? Can the next US president handle a confrontation between Taipei and Beijing if China continues to slap Taiwan in the face by blocking it from joining the world health community? ..."

B) "Taiwan's Big Picture in the U.S. Campaign"

The pro-independence, English-language "Taiwan News" [circulation: 20,000] editorialized (10/7):

"... Both McCain and Obama promise to continue Washington's 'one China policy' based on the three communiqués signed with Beijing and the 1979 Taiwan Relations Act and have recognized the reality and significance of China's rise and accepted the need for Beijing's cooperation on various issues ranging from North Korea to anti-terrorism and climate change. ...

"Their logic seems to be simply that Obama needs the PRC as a strategic partner and Taiwan should not become a stumbling block to U.S.-China engagement. While some Taiwan pundits believe a McCain administration would be more favorable for Taiwan in terms of providing security reassurance, it should be recalled that similar expectations were entertained regarding Bush, who instead adopted the above stance and eventually promoted 'regime change' against the 'trouble-making' former Democratic Progressive Party administration and has sat on promised arms sales to Taiwan.

"There are no certainties that Republican neoconservatives under McCain would be any more likely than a Obama presidency to stand up for Taiwan's security needs or support Taiwan's need for diplomatic and international space.

"Moreover, the inability of the McCain campaign to face up to the reality of the global financial crisis or the global climate crisis or to confront the need to repudiate Bush on Iraq hints that the world will face four more years of paralysis in Washington on the most fundamental issues facing the world economy, environment and security, four years that neither the world or Taiwan can afford. RELATIONS, U.S. FINANCIAL CRISIS

"Hence, with Obama's hopes on the upswing, the Ma administration must be prepared to respond to a Democratic administration's shift in priorities to fair trade, global financial re-regulation and regional engagement and firmly work with the next U.S. administration to ensure balance in cross-strait relations. ..."

15. U.S. Financial Crisis

A) "U.S. Leadership is Intact"

The conservative, pro-unification, English-language "China Post" [circulation: 30,000] editorialized (10/7):

"The meltdown on Wall Street is only part of a large meltdown, and the US\$700 billion bailout plan is only one attempt at a fix. ...

"In Asia, the weakness of the dollar, the piling up of public debt and the huge accumulation of gold and dollar reserves in central banks are all clear signs that the world has changed radically.

"Wall Street has been dethroned. The very American technological know-how and genius that gave the U.S. its predominance has been used to bring about its downfall.

"The true sources of power and influence in the world have shifted, both geographically and politically, thanks to the vast impact of the information and communications revolution, but this obvious message has until now strangely eluded political leaders in the West, and especially in America and Western Europe. ...

"The concept of the single superpower left bestriding the world after the collapse of communism (and the supposed end of history) is no longer valid. A more multi-polar world is emerging, though one in which America remains the leader, since the U.S. is still the mightiest."

B) "Financial Storm Provides Epiphany for the U.S."

The conservative, pro-unification, English-language "China Post" [circulation: 30,000] editorialized (10/4):

"... The financial storm is not expected to die down any time soon. Suddenly, America got the epiphany that de-regulation is to blame; that Wall Street needs policing and the financial markets must have oversight. It may take a decade, if not longer, for the United States to rebuild its financial markets.

"The current crisis could well change the world's financial order. The unipolar financial world dominated by the United States may loosen up as a result. The dollar has been weak, and the U.S. national debt has been climbing steadily to close to US\$10 trillion. A tri-polar financial order may emerge in Europe, Asia and America.

"President Bush, who came into office with a bang eight years ago, is certain to leave the White House with a whimper. It is almost certain that he will go down in history as the worst U.S. president. The baseless Iraq war he started five years ago is his legacy, as is the Wall Street meltdown, which is being seen as a financial 9/11. ...

"Hopefully, the financial tsunami on Wall Street can act as a rude awakening for the United States. It will be up to Bush's successor to put the house in order and make up for the lost decade by working hard to make the country great again. Will it be Obama? The young Democrat certainly has an edge because a McCain victory on Nov. 4 would mean a third Bush term - a spooky scenario for many voters."

YOUNG